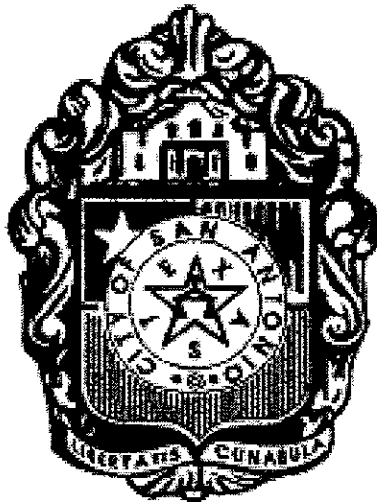


CITY OF SAN ANTONIO, TEXAS

ECONOMIC DEVELOPMENT DEPARTMENT



ADDENDUM #1 TO
REQUEST FOR PROPOSAL ("RFP")

for

**Development Opportunity for a Full-Service
Convention Center Headquarters Hotel**

Issue Date
July 30, 2004

Changes Made to the following Sections

1.2 Overview

Section 1.2 ("Overview") of the RFP is hereby modified through the addition of the following information:

Room Blocking Agreement

Enclosed with this addendum is a copy of a Room Blocking Agreement, previously acceptable to the City of San Antonio. This copy is only provided to the Development Companies as an illustration. The City intends to formulate and develop a new room blocking agreement with the firm selected as the Preferred Hotel Developer.

2.1 Hotel Site

Section 2.1 ("Hotel Site") of the RFP is hereby modified through the addition of the following information:

Utility Conflicts: The Site described in Attachment A has potential utility conflicts occurring by the location of a chilled water and steam return lines that transverse a portion of the site, under the current garage location. These lines are owned and maintained by San Antonio Water System (SAWS) to provide air condition for the Convention Center, as well as other nearby facilities, and must remain in service. Previous cost estimates (2000) to temporarily reroute this service and construct directly buried lines on the eastern and southern periphery of the site exceeded \$2.0 million. Additionally, the City's electric and gas utility, City Public Service (CPS), has an electrical line, vault, and duct banks that may exist in Bowie Street, just east of the site. Adjustment or relocation of the utility lines and equipment may be required, at potentially significant cost.

Environmental Matters: Previous Phase I and Phase II environmental studies were conducted at the hotel, during the previous development effort. A copy of the Phase II environmental analysis is attached for your information.

Archaeological Matters: The State Historical Commission issued directions for the City or developer to maintain an archeologist on site during the excavation portion of the project to address issues that may arise.

Standard Site Preparation Cost Estimate: In every pre-submittal conference, questions were raised by development teams regarding these site conditions. Since the actual costs associated with these matters is not known and cannot be

determined during this solicitation period, the City suggests that **ALL DEVELOPMENT TEAMS prepare development budgets with the cost assumption of \$6.0 million to address these and other matters that may arise in connection with the preparation of the site for hotel construction.** It should be stressed that this estimate is presented as a cost estimate for the construction budget. The City of San Antonio does not warrant the accuracy or completeness of this cost estimate in addressing the possible range of site preparation or mitigation. The selected Developer will be responsible for addressing these issues as part of the project budget.

Description of Site at Ground Level

A 2.729 acre, or 118,850 square feet tract of land being out of that 6.772 acre tract recorded in Volume 6205, Page 537-543 of the Deed Records of Bexar County, Texas, and out of the right-of-way of East Market Street, a 125-foot right-of-way of the Civic Center Project No. 5 Tex. R-83 Urban Renewal Agency Subdivision recorded in Volume 9518, Page 124 of the Deed and Plat Records of Bexar County, Texas in New City Block (N.C.B.) 13814 of the City of San Antonio, Bexar County, Texas. Said 2.729 acre tract being more fully described as follows:

COMMENCING at the intersection of the east line of a 110-foot utility easement and right-of-way and the south line of East Market Street, a 75-foot right-of-way both dedicated in the said Civic Center Project No. 5 Tex. R-83 Urban Renewal Agency Subdivision;

THENCE: S 80° 12' 42" W, along and with the south right-of-way of said East Market Street, a distance of 74.46 feet to a set nail and cap on the northeast line of the herein described tract for the POINT OF BEGINNING;

THENCE, S 23° 20'35" E, departing said East Market Street, a distance of 38.82 feet to a set "x" in concrete on the west line of a 1.1780 acre tract surveyed concurrently;

THENCE, S 15°19' 37" W, along and with the west line of said 1.1780 acre tract and continuing for a total distance of 200.66 feet to a set nail and cap;

THENCE, the following calls and distances;

S 74° 40'23"E, 35.00 feet to a set nail and cap;

S 15° 19' 37" W, 36.00 feet to a set "x" in concrete;

N 74° 40' 23" W, 35.00 feet to a set "x" in concrete;

S 15° 19' 37" W, 84.83 feet to a point;

N 74° 40' 23" W, 186.00 feet to a set nail and cap;

N 15° 19' 37" E, 20.00 feet to a set nail and cap;

N 74° 40' 23" W, 50.77 feet to a point;

N 15° 19' 37" E, 21.13 feet to a point;

S 74° 49' 27" E, 50.77 feet to a point;

N 15° 19' 37" E, 181.32 feet to a set "x" in concrete;

N 74° 40' 23" W, 76.18 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson";

Along the arc of a curve to the right, said curve having a radial bearing of N 15° 19' 37" E, a radius of 65.00 feet, a central angle of 22° 05' 37", a chord bearing and distance of N 63° 37' 34" W, 24.91 feet. A distance of 25.06 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson";

Along the arc of a curve to the left, said curve having a radial bearing of S 37° 25' 14" W, a radius of 185.00 feet, a central angle of 22° 05' 37", a chord bearing and distance of N 63° 37' 34" W, 70.90 feet, a distance of 71.34 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson";

N 74° 40' 23" W, 61.90 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson";

N 15° 19' 37" E, 24.17 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson";

N 74° 40' 23" W, 79.57 feet to a point;

N 15° 19' 37" E, 36.79 feet to a point;

S 74° 38' 23" E, 26.05 feet to a point;

N 60° 58' 45" E, 34.12 feet to a set nail and cap;

N 15° 19' 37" E, 30.47 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson";

N 30° 19' 31" W, 50.61 feet to a set "x" in concrete;

N 74° 40' 23" W, 14.26 feet to a set "x" in concrete;

N 15° 19' 37" E, 4.69 feet to a set 1/2" iron rod with yellow cap marked "Pape-Dawson" on the south curb line of aforementioned East Market Street;

S 74° 41' 56" E, along and with south curb line of said East Market Street, a distance of 437.68 feet to a set nail and cap;

S 23° 20' 35" E, a distance of 57.21 feet to the POINT OF BEGINNING and containing 2.729 acres in the City of San Antonio, Bexar County, Texas. Said tract being described in accordance with a survey made on the ground and a survey map prepared by Pape-Dawson Engineers, Inc.

2.2 Preferred Program

Section 2.2 ("Preferred Program") of the RFP is hereby modified through the addition of the following information:

This section requires development of 40,000 square-foot grand ballroom, in addition to other function space and pre-function spaces. Some development teams have suggested that the required 40,000 square-foot ballroom cannot be located within the Site described in Attachment A and continue to achieve meeting industry preferences for configuration and support space activities (e.g., standards articulated by the International Association of Assembly Managers). Therefore, the Preferred Program is hereby modified to remove the 40,000 square-foot ballroom requirement, and instead require the Preferred Program maximize the grand ballroom to the extent that it can reasonably be accommodated on the Site while achieving meeting industry preferences for configuration and support space activities. Consideration will be given during the proposal evaluation to the creativity of the program design in achieving these goals.

2.3 Alternative Building Program

Section 2.3 ("Alternative Building Program") of the RFP is hereby modified through the addition of the following information:

In regards to a Development Company that submits an Alternative Building Program, modifications to the Hotel Site may be proposed to accommodate a larger building footprint than is delineated in Attachment A. However, the alternative program must accommodate or provide for any existing uses, programs, or activities impacted by the adjusted hotel footprint.

5.4.1 Conceptual Building Program Plans

Section 5.4.1 ("Conceptual Building Program Plans") of the RFP is hereby modified through the addition of the following points after the introductory paragraph in regards to a massing model:

A massing model that places proposed concept plan in its urban context. (Please note that the City does not want the Development Company to incur the time and expense involved in developing detailed and elaborate representational models.)

(1) Presentation Options: The massing model for development concepts may be presented in either computer-based (e.g., CAD) or cardboard model, or both, depending on the preference of the development team.

(2) Urban Context: To capture the urban context of the project, massing models should address, at a minimum, an area bounded by: IH-37 to the East, Durango Blvd. to the South, Presa Street to the West, and Crockett Street to the North.

(3) Scale and Size of Model: If cardboard model is the desired presentation options, please adjust scale to ensure that the building concept, with captured urban context, can (a) be built in one piece that can fit through a 3 ft. wide door without turning or adjusting the plane of the model, (b) be carried easily by 1-2 individuals, and (c) be transported in one piece using an SUV or similar vehicle.

5.4.2 Budget

Section 5.4.2 ("Budget") of the RFP is hereby modified through the addition of the following information:

Hotel Development Agreement and Construction Management Agreement

Development Companies should be aware that in the contemplated **Hotel Development Agreement and Construction Management Agreement**, the City would include conditions that are needed to maintain access to both the Lila Cockrell Theater and the Convention Center. As such, Respondents will need to incorporate development and/or operational cost associated with the following conditions:

Use of 603 Bowie Street kitchen loading dock

- Dock is used for all deliveries of food.
- Dock is used for food bank removal of used food.
- Dock has used grease container that requires periodic emptying.
- Dock area has kitchen grease trap that requires periodic emptying.
- Dock area houses trash compactor for kitchen

Costs would be associated with building an alternative entry to Hall D area to use during construction.

Use of 603 Bowie Street entrance

- Exiting point for fire exit doors from Halls C & D.
- Exiting point for roll-up doors in Hall C.
- Delivery point for UPS Store.
- Fuel tank location for emergency generator that will need fuel delivery during construction time.
- Chilled water and steam lines for convention center, theater and rest of system south of building.
- Domestic water lines for east side of building.
- Fire system water lines for east side of building.
- Electrical service for all of the building.

Costs would be associated with building an alternate entry to Hall D area to use during construction.

Bowie Street

- Entrance for deliveries to east loading docks for Halls C & D.
- Entrance for east drop-off for Hall D.
- Walkway to Alamodome.

Convention Way in front of Lila Cockrell Theater

- Entrance area for theater and east side of building.

Having to change the use of Bowie Street and Convention Way will require changes in how the City uses these two areas. This will include costs associated with the construction of new pathways, signage, etc.

In addition, the Development Companies should be aware that the **Construction Management Agreement** could include provisions for up to 120 “quiet days” over two years when no or specified construction activity can occur due to events that are already scheduled and cannot be relocated to another City facility. For planning purposes, the Lila Cockrell Theater is normally booked for 55 separate events each year. There are currently 114 days booked for calendar year 2005. However, the City will work with the Preferred Hotel Developer on developing a quiet days schedule and will make provisions for demolition of the parking garage during the January thru April 2006 timeframe.

For construction materials storage and staging, the City of San Antonio will make available a portion of municipal property located adjacent to the Hotel Site ("Construction Laydown Area"). This site (Site D) lies immediately east of Bowie Street. The City will enter into a temporary arrangement with the project developer to use this site. As part of that agreement, the developer will be required to provide a temporary, paved detour route for Bowie Street, from Market Street to connect to Bowie Street to the South. It is envisioned that the temporary detour will be located to the east of the Construction Laydown Area, in order to permit unobstructed material and equipment flow from the laydown area to the Hotel Site. Pedestrian traffic on the southern side of Market Street will also need to be maintained, to permit access to the Alamodome. Construction cranes may also be located in the Construction Laydown Area to minimize boom swings across populated areas or occupied structures. The site will need to be decoratively fenced on at least three sides. Truck access points may require off-duty police officers for traffic direction, at contractor's expense. Traffic light and other associated signage will be moved to temporary intersection of Bowie & East Market Street. Upon completion of the Hotel construction, Bowie Street will be relocated back at Developer's expense to meet the current intersection. The configuration of the road will be revised to avoid passing under the hotel. A portion of the hotel will exist under the final location of Bowie Street. It is the expectation of the City that the Developer will restore Bowie Street to its existing condition. The City intends to negotiate a nominal rent for the use of the Construction Laydown Area, taking into account costs associated with municipal requirements and temporary access requirements.

5.5.10 Citigroup Financial Analysis Assistance

Section 5.5.10 ("Citigroup Financial Analysis Assistance") is added to the RFP as a matter of clarification for the Respondents.

Citigroup Global Markets, Inc., as one of the City's underwriters, will coordinate with Respondents concerning pre-submittal verification or analysis work for development teams. Respondents may contact Mr. William M. Corrado, Director, Citigroup Global Markets, Inc., at (212) 723-4879 or by e-mail at: william.m.corrado@citigroup.com.

9.3.5 SBEDA

Section 5.4.2 ("SBEDA") of the RFP is hereby modified through the deletion of the three points that appear after the following statement: "Scoring will be based upon the following criteria" and the addition of the following information:

Five (5) Points:

Developer's previous experience in implementing SBEDA type program as an entity and/or behalf of client.

- Developer has implemented a SBEDA-type program and attained the contracting goals specified by the client
- Developer has implemented a successful SBEDA-type program in a Private-sector project
- Developer has an existing company policy supporting the use of small, minority and women-owned businesses in their own contracting programs
- Demonstrated experience in using SBEDA firms in all contracting opportunities
- SBEDA-type program received recognition and/or award
- Developer maintains memberships/sponsorships in SBEDA Outreach Organizations. (Examples: Chambers, Certification Agencies, contractor Associations, etc.)

Ten (10) Points:

Commitment to use SBEDA firms in all aspects of the project: financing; design; construction; operations procurement program; lease space & operations management/equity involvement

- Strong local participation in all contracting categories
- Developer meets the specified SBEDA goals in all contracting categories (i.e., Contractors proposed for the project are identified.).
- Contracting Categories include:
 - Project financing team
 - Design work – architecture and engineering firm(s)
 - Construction
 - Operations Phase including equity participation in hotel management; purchasing of goods and services and leasing & real estate activity

Five (5) Points:

Narrative on good faith efforts used to solicit SBEDA firms and to comply with the City's SBEDA policy

- Outreach to SBEDA Community
- Soliciting on SBEDA Listings, Directories used to garner participation in the project
- Associations used to solicit SBEDA participation

- Advertising Mediums used to solicit bids
- Target mediums that have SBEDA orientation

ATTACHMENT I
HVS MARKET STUDY

Attachment I ("HVS Market Study") of the RFP is hereby modified through the replacement of page 11-23, Projection of Income and Expense: